



February 20, 2004

ENGROSSED SENATE BILL No. 257

DIGEST OF SB 257 (Updated February 18, 2004 5:49 pm - DI 92)

Citations Affected: IC 6-1.1; IC 20-3; IC 20-5; IC 21-1; IC 21-2; IC 21-3; IC 21-4; noncode.

Synopsis: Correction of school funding formula. Provides that: (1) the at-risk index used in calculating 2003 school tuition support must be calculated using 1990 census data; (2) the complexity index used in calculating school tuition support in 2004 and thereafter must be calculated using education attainment data for persons who are at least 25 years of age; (3) the target pupil teacher ratio used to calculate prime time distributions must be calculated using multipliers that equal a number greater than one; (4) the target revenue per ADM of a charter school in its first year of operation is equal to the target revenue per ADM of the school corporation in which the charter school is located; and (5) a school corporation's share of the state appropriation for full day kindergarten is calculated using the total ADM of the participating schools. Allows a school corporation to issue tax anticipation warrants against property tax collections that result from a shortfall appeal. Allows a school corporation that had insufficient data in 2003 to file a shortfall appeal to file the appeal in 2004 for taxes payable in 2005, and to issue tax anticipation warrants against the property tax collections. Authorizes a school corporation to: (1) file an appeal to impose an

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Effective: January 1, 2002 (retroactive); January 1, 2003 (retroactive); July 1, 2003 (retroactive); upon passage; July 1, 2004; January 1, 2007.

Kenley

(HOUSE SPONSORS — CRAWFORD, ESPICH, GOODIN)

January 8, 2004, read first time and referred to Committee on Finance.
January 20, 2004, amended, reported favorably — Do Pass.
January 26, 2004, read second time, ordered engrossed. Engrossed.
January 27, 2004, read third time, passed. Yeas 47, nays 0.

HOUSE ACTION

February 12, 2004, read first time and referred to Committee on Ways and Means.
February 19, 2004, amended, reported — Do Pass.

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additional levy to make up a shortfall in property tax collections in a fund other than the school general fund; and (2) increase the corporation's transportation fund levy by the amount by which the state has reduced its transportation distributions to the corporation. Provides that the increase in the transportation fund levy and the shortfall levy are not eligible for property tax replacement credits or homestead credits. Extends the sunset date for issuance of school corporation bonds for retirement or severance liability from December 31, 2004, to December 31, 2006. Provides that a school corporation may not issue such bonds after December 31, 2004, unless the corporation submits to the department of local government finance before January 1, 2005, a proposal concerning the issuance of the bonds to implement solutions for the corporation's retirement or severance liability. Allows a school corporation to issue bonds for that purpose a second time if the first bond issue has been retired and the average annual debt service on the second bond issue does not exceed the average annual debt service on the first bond issue.

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February 20, 2004

Second Regular Session 113th General Assembly (2004)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2003 Regular Session of the General Assembly.

ENGROSSED SENATE BILL No. 257

A BILL FOR AN ACT to amend the Indiana Code concerning education finance.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-1.1-19-13 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: **Sec. 13. (a) This section applies to a levy for a**
4 **fund other than a school corporation's general fund.**

5 **(b) A school corporation may appeal to the department of local**
6 **government finance under this chapter for the purpose of making**
7 **up a shortfall that has resulted:**

8 **(1) whenever:**

9 **(A) erroneous assessed valuation figures were provided to**
10 **the school corporation;**

11 **(B) erroneous figures were used to determine the school**
12 **corporation's total property tax rate; and**

13 **(C) the school corporation's levy for the fund was reduced**
14 **under IC 6-1.1-17-16(d);**

15 **(2) because of the payment of refunds that resulted from**
16 **appeals under this article and IC 6-1.5; or**

17 **(3) because of a delinquent taxpayer.**

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(c) With respect to each appeal petition:

(1) that is delivered to the tax control board by the department of local government finance under section 4.1 of this chapter;

(2) that includes a request under this section to make up a shortfall; and

(3) for which the tax control board finds that the sum of:

(A) the balance in the school corporation's levy excess fund that is available to replace the lost revenue to a fund due to a shortfall; and

(B) the property taxes collected for the school corporation; is less than ninety-nine percent (99%) of the school corporation's property tax levy for the fund in that year, as finally approved by the department of local government finance;

the tax control board may recommend to the department of local government finance that the school corporation take the action described in subsection (d) and shall recommend to the department of local government finance that the school corporation take the action described in subsection (e).

(d) The tax control board may recommend that the school corporation be given financial relief from the state, on terms to be specified by the tax control board in the board's recommendation, in the form of:

(1) a grant or grants from any funds of the state that are available for such a purpose;

(2) a loan or loans from any funds of the state that are available for such a purpose;

(3) permission to the appellant school corporation to borrow funds from a source other than the state or to receive assistance in obtaining the loan; or

(4) an advance or advances of funds that will become payable to the appellant school corporation under any law providing for the payment of state funds to school corporations.

(e) The tax control board shall recommend that the school corporation be permitted to collect an additional levy for the affected fund for a specified calendar year in the amount of the difference between:

(1) the school corporation's property tax levy for a particular year, as finally approved by the department of local government finance; and

(2) the school corporation's actual property tax collections,

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plus any balance in the school corporation's levy excess fund that is available to replace the lost revenue in the fund.

(f) Each recommendation made by the tax control board under this section shall specify the amount of the additional levy. The department of local government finance shall authorize the school corporation to make the additional levy in accordance with the recommendation without any other proceeding. Whenever the department of local government finance authorizes an additional levy under this subsection, the department shall take appropriate steps to ensure that the proceeds of the excessive tax levy are first used to repay any loan or advance authorized after a recommendation under subsection (d).

(g) The:

(1) ad valorem property tax rate limits; and

(2) ad valorem property tax levy limits;

imposed by any other law on a fund do not apply to an additional ad valorem property tax levy authorized under this section.

(h) For purposes of computing the ad valorem property tax levy limit imposed on a fund under any other law, the school corporation's ad valorem property tax levy for a particular year does not include that part of the levy for the fund that is attributable to an additional ad valorem property tax levy authorized under this section.

SECTION 2. IC 6-1.1-21-2, AS AMENDED BY P.L.1-2004, SECTION 33, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. As used in this chapter:

(a) "Taxpayer" means a person who is liable for taxes on property assessed under this article.

(b) "Taxes" means property taxes payable in respect to property assessed under this article. The term does not include special assessments, penalties, or interest, but does include any special charges which a county treasurer combines with all other taxes in the preparation and delivery of the tax statements required under IC 6-1.1-22-8(a).

(c) "Department" means the department of state revenue.

(d) "Auditor's abstract" means the annual report prepared by each county auditor which, under IC 6-1.1-22-5, is to be filed on or before March 1 of each year with the auditor of state.

(e) "Mobile home assessments" means the assessments of mobile homes made under IC 6-1.1-7.

(f) "Postabstract adjustments" means adjustments in taxes made subsequent to the filing of an auditor's abstract which change

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assessments therein or add assessments of omitted property affecting taxes for such assessment year.

(g) "Total county tax levy" means the sum of:

(1) the remainder of:

(A) the aggregate levy of all taxes for all taxing units in a county which are to be paid in the county for a stated assessment year as reflected by the auditor's abstract for the assessment year, adjusted, however, for any postabstract adjustments which change the amount of the aggregate levy; minus

(B) the sum of any increases in property tax levies of taxing units of the county that result from appeals described in:

(i) IC 6-1.1-18.5-13(4) and IC 6-1.1-18.5-13(5) filed after December 31, 1982; plus

(ii) the sum of any increases in property tax levies of taxing units of the county that result from any other appeals described in IC 6-1.1-18.5-13 filed after December 31, 1983; plus

(iii) IC 6-1.1-18.6-3 (children in need of services and delinquent children who are wards of the county); minus

(C) the total amount of property taxes imposed for the stated assessment year by the taxing units of the county under the authority of IC 12-1-11.5 (repealed), IC 12-2-4.5 (repealed), IC 12-19-5, or IC 12-20-24; minus

(D) the total amount of property taxes to be paid during the stated assessment year that will be used to pay for interest or principal due on debt that:

(i) is entered into after December 31, 1983;

(ii) is not debt that is issued under IC 5-1-5 to refund debt incurred before January 1, 1984; and

(iii) does not constitute debt entered into for the purpose of building, repairing, or altering school buildings for which the requirements of IC 20-5-52 were satisfied prior to January 1, 1984; minus

(E) the amount of property taxes imposed in the county for the stated assessment year under the authority of IC 21-2-6 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(F) the remainder of:

(i) the total property taxes imposed in the county for the

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1 stated assessment year under authority of IC 21-2-6
 2 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a
 3 cumulative building fund whose property tax rate was not
 4 initially established or reestablished for a stated assessment
 5 year that succeeds the 1983 stated assessment year; minus
 6 (ii) the total property taxes imposed in the county for the
 7 1984 stated assessment year under the authority of IC 21-2-6
 8 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a
 9 cumulative building fund whose property tax rate was not
 10 initially established or reestablished for a stated assessment
 11 year that succeeds the 1983 stated assessment year; minus
 12 (G) the amount of property taxes imposed in the county for the
 13 stated assessment year under:

- 14 (i) IC 21-2-15 for a capital projects fund; plus
- 15 (ii) IC 6-1.1-19-10 for a racial balance fund; plus
- 16 (iii) IC 20-14-13 for a library capital projects fund; plus
- 17 (iv) IC 20-5-17.5-3 for an art association fund; plus
- 18 (v) IC 21-2-17 for a special education preschool fund; plus
- 19 (vi) IC 21-2-11.6 for a referendum tax levy fund; plus
- 20 (vii) an appeal filed under IC 6-1.1-19-5.1 for an increase in
- 21 a school corporation's maximum permissible general fund
- 22 levy for certain transfer tuition costs; ~~plus~~
- 23 (viii) an appeal filed under IC 6-1.1-19-5.4 for an increase
- 24 in a school corporation's maximum permissible general fund
- 25 levy for transportation operating costs; **plus**
- 26 **(ix) an appeal filed under IC 6-1.1-19-13 for the purpose**
- 27 **of making up a shortfall; plus**
- 28 **(x) IC 21-2-11.5-3(b)(2) for a school transportation fund,**
- 29 **including any increase in that amount in a subsequent**
- 30 **year attributable to the annual application of the**
- 31 **assessed value growth determined under**
- 32 **IC 21-2-11.5-3(c) to the amount; minus**

33 (H) the amount of property taxes imposed by a school
 34 corporation that is attributable to the passage, after 1983, of a
 35 referendum for an excessive tax levy under IC 6-1.1-19,
 36 including any increases in these property taxes that are
 37 attributable to the adjustment set forth in IC 6-1.1-19-1.5 or
 38 any other law; minus

39 (I) for each township in the county, the lesser of:

- 40 (i) the sum of the amount determined in IC 6-1.1-18.5-19(a)
- 41 STEP THREE or IC 6-1.1-18.5-19(b) STEP THREE,
- 42 whichever is applicable, plus the part, if any, of the

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- 1 township's ad valorem property tax levy for calendar year
 2 1989 that represents increases in that levy that resulted from
 3 an appeal described in IC 6-1.1-18.5-13(4) filed after
 4 December 31, 1982; or
 5 (ii) the amount of property taxes imposed in the township for
 6 the stated assessment year under the authority of
 7 IC 36-8-13-4; minus
 8 (J) for each participating unit in a fire protection territory
 9 established under IC 36-8-19-1, the amount of property taxes
 10 levied by each participating unit under IC 36-8-19-8 and
 11 IC 36-8-19-8.5 less the maximum levy limit for each of the
 12 participating units that would have otherwise been available
 13 for fire protection services under IC 6-1.1-18.5-3 and
 14 IC 6-1.1-18.5-19 for that same year; minus
 15 (K) for each county, the sum of:
 16 (i) the amount of property taxes imposed in the county for
 17 the repayment of loans under IC 12-19-5-6 (repealed) that is
 18 included in the amount determined under IC 12-19-7-4(a)
 19 STEP SEVEN for property taxes payable in 1995, or for
 20 property taxes payable in each year after 1995, the amount
 21 determined under IC 12-19-7-4(b); and
 22 (ii) the amount of property taxes imposed in the county
 23 attributable to appeals granted under IC 6-1.1-18.6-3 that is
 24 included in the amount determined under IC 12-19-7-4(a)
 25 STEP SEVEN for property taxes payable in 1995, or the
 26 amount determined under IC 12-19-7-4(b) for property taxes
 27 payable in each year after 1995; plus
 28 (2) all taxes to be paid in the county in respect to mobile home
 29 assessments currently assessed for the year in which the taxes
 30 stated in the abstract are to be paid; plus
 31 (3) the amounts, if any, of county adjusted gross income taxes that
 32 were applied by the taxing units in the county as property tax
 33 replacement credits to reduce the individual levies of the taxing
 34 units for the assessment year, as provided in IC 6-3.5-1.1; plus
 35 (4) the amounts, if any, by which the maximum permissible ad
 36 valorem property tax levies of the taxing units of the county were
 37 reduced under IC 6-1.1-18.5-3(b) STEP EIGHT for the stated
 38 assessment year; plus
 39 (5) the difference between:
 40 (A) the amount determined in IC 6-1.1-18.5-3(e) STEP FOUR;
 41 minus
 42 (B) the amount the civil taxing units' levies were increased

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1 because of the reduction in the civil taxing units' base year
2 certified shares under IC 6-1.1-18.5-3(e).

3 (h) "December settlement sheet" means the certificate of settlement
4 filed by the county auditor with the auditor of state, as required under
5 IC 6-1.1-27-3.

6 (i) "Tax duplicate" means the roll of property taxes which each
7 county auditor is required to prepare on or before March 1 of each year
8 under IC 6-1.1-22-3.

9 (j) "Eligible property tax replacement amount" is equal to the sum
10 of the following:

11 (1) Sixty percent (60%) of the total county tax levy imposed by
12 each school corporation in a county for its general fund for a
13 stated assessment year.

14 (2) Twenty percent (20%) of the total county tax levy (less sixty
15 percent (60%) of the levy for the general fund of a school
16 corporation that is part of the total county tax levy) imposed in a
17 county on real property for a stated assessment year.

18 (3) Twenty percent (20%) of the total county tax levy (less sixty
19 percent (60%) of the levy for the general fund of a school
20 corporation that is part of the total county tax levy) imposed in a
21 county on tangible personal property, excluding business personal
22 property, for an assessment year.

23 (k) "Business personal property" means tangible personal property
24 (other than real property) that is being:

25 (1) held for sale in the ordinary course of a trade or business; or
26 (2) held, used, or consumed in connection with the production of
27 income.

28 (l) "Taxpayer's property tax replacement credit amount" means the
29 sum of the following:

30 (1) Sixty percent (60%) of a taxpayer's tax liability in a calendar
31 year for taxes imposed by a school corporation for its general fund
32 for a stated assessment year.

33 (2) Twenty percent (20%) of a taxpayer's tax liability for a stated
34 assessment year for a total county tax levy (less sixty percent
35 (60%) of the levy for the general fund of a school corporation that
36 is part of the total county tax levy) on real property.

37 (3) Twenty percent (20%) of a taxpayer's tax liability for a stated
38 assessment year for a total county tax levy (less sixty percent
39 (60%) of the levy for the general fund of a school corporation that
40 is part of the total county tax levy) on tangible personal property
41 other than business personal property.

42 (m) "Tax liability" means tax liability as described in section 5 of

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1 this chapter.

2 (n) "General school operating levy" means the ad valorem property
3 tax levy of a school corporation in a county for the school corporation's
4 general fund.

5 SECTION 3. IC 20-3-11-22, AS AMENDED BY P.L.2-2002,
6 SECTION 70, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
7 UPON PASSAGE]: Sec. 22. (a) The board of school commissioners
8 may not create any debt in excess of twenty-five thousand dollars
9 (\$25,000) in the aggregate, except as otherwise provided in this
10 chapter, and except further debts as are on or after March 9, 1931,
11 authorized by the general school laws of Indiana, including within the
12 latter exception, but not by way of limitation, ~~IC 21-4-20~~ and IC 20-5-1
13 through IC 20-5-6.

14 (b) Notwithstanding the provisions of subsection (a), the board is
15 liable upon its lawful contracts with persons rendering services and
16 furnishing materials incident to the ordinary current operations of its
17 schools if the contracts have been entered into as provided in this
18 chapter and in accordance with law. The obligations of the board to
19 persons rendering services or furnishing materials may not be
20 considered to be limited or prohibited by any of the provisions of this
21 chapter.

22 (c) If the compensation to be paid for the purchase of any real estate
23 or interest in real estate required by the board for its purposes cannot
24 be agreed upon or determined by the board and the persons owning or
25 having an interest in the land desired for its purposes or sites, the board
26 of school commissioners has the power of eminent domain and shall
27 proceed to have the compensation determined and to acquire the title
28 to the real estate or interest in the real estate by action in court under
29 IC 32-24. The right and power of the board to own and acquire real
30 estate and interests in real estate in any of the manners and for any of
31 the purposes specified in this chapter or by the general school laws of
32 this state may not be limited to real estate situated within the corporate
33 boundaries of the civil city in which any school city is located.
34 However, the right and power to acquire and own real estate extends to
35 any parcel or trace of real estate the whole of which is situated:

36 (1) within one-half (1/2) mile of the nearest point on the corporate
37 boundary of the civil city; or

38 (2) within, or within one-half (1/2) mile of the nearest point on the
39 boundary of, any platted territory lying outside but contiguous to,
40 or contiguous to another platted territory that is contiguous to, the
41 corporate boundary of the civil city.

42 (d) "Platted territory", as used in subsection (c), means any territory

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or land area of which a plat has been recorded in the manner provided by the laws of Indiana pertaining to the recording of plats of land.

(e) Before acquiring any real estate or interest in real estate outside the corporate limits of the civil city, the board must, by resolution made a matter of record in its corporate minutes, find and determine that, in the judgment of the board, the real estate or interest in real estate to be acquired will be needed for the future purposes of the board. This chapter does not limit the right of any board to accept, own, and hold real estate or interest in real estate, wherever situated, that is acquired by the board by gift or devise.

SECTION 4. IC 20-5-1-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. As used in IC 20-5-1 through IC 20-5-6, the following terms shall have the following meanings:

(a) "School corporation": ~~shall mean~~

(1) for purposes of a provision other than IC 20-5-4-8, means any local public school corporation established under the laws of the state of Indiana, including but not limited to school cities, school towns, metropolitan school districts, consolidated school corporations, county school corporations, community school corporations, and united school corporations, excluding, however, school townships; **and**

(2) for purposes of IC 20-5-4-8, means a local public school corporation described in subdivision (1) or a school township.

(b) "Governing body" shall mean the board of commissioners charged by law with the responsibility of administering the affairs of a school corporation, including but not limited to a board of school commissioners, metropolitan board of education, board of school trustees, or board of trustees, and "member" shall mean a member of such governing body.

(c) "School purposes" shall mean the general purposes and powers provided in IC 20-5-2-1.2 and IC 20-5-2-2. However, the delineation of a specific power in IC 20-5-2-2 shall not be construed as a limitation on the general powers and purposes set out in IC 20-5-2-1.2.

SECTION 5. IC 20-5-4-1.7, AS AMENDED BY P.L.10-2003, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 1.7. (a) For purposes of this section, "retirement or severance liability" means the payments anticipated to be required to be made to employees of a school corporation upon or after the termination of their employment by the school corporation under an existing or previous employment agreement.

(b) In addition to the purposes set forth in section 1 of this chapter, a school corporation may issue bonds to implement solutions to

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contractual retirement or severance liability. The issuance of bonds for this purpose is subject to the following limitations:

(1) **Except as provided in subsection (g)**, a school corporation may issue bonds for the purpose described in this section only one (1) time.

(2) The solution to which the bonds are contributing must be reasonably expected to reduce the school corporation's existing unfunded contractual liability for retirement or severance payments, as of June 30, 2001.

(3) **Subject to subsection (g)**, the amount of the bonds that may be issued for the purpose described in this section may not exceed two percent (2%) of the true tax value of property in the school corporation.

(4) Each year that a debt service levy is needed under this section, the school corporation shall reduce its total property tax levy for the school corporation's transportation, school bus replacement, capital projects, or art association and historical society funds in an amount equal to the property tax levy needed for the debt service under this section. The property tax rate for each of these funds shall be reduced each year until the bonds are retired.

(5) A school corporation that issues bonds under this section shall establish a separate debt service fund for repayment of the bonds.

(c) Bonds issued for the purpose described in this section shall be issued in the same manner as other bonds of the school corporation.

(d) Bonds issued under this section ~~must be~~ **are valid if either of the following apply:**

(1) **The bonds are issued before December 31, 2004.**

(2) **The school corporation submits to the department of local government finance before January 1, 2005, a proposal concerning the issuance of bonds under this section to implement solutions for the school corporation's retirement or severance liability, and the school corporation issues the bonds before January 1, 2006.**

(e) Bonds issued under this section are not subject to the petition and remonstrance process under IC 6-1.1-20.

(f) Bonds issued under this section are not subject to the limitations contained in IC 36-1-15.

(g) A school corporation may issue bonds under this subsection after December 31, 2005, for the purpose described in this section one (1) time in addition to the issuance of bonds under subsection (b) if:

(1) the school corporation issued bonds under subsection (b)

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1 before April 14, 2003; and

2 (2) the bonds referred to in subdivision (1) are retired before
3 the issuance of bonds under this subsection.

4 The average annual debt service on bonds issued under this
5 subsection may not exceed the average annual debt service on the
6 bonds referred to in subdivision (1). Except as provided in this
7 subsection, bonds issued under this subsection are subject to the
8 limitations in subsection (b).

9 SECTION 6. IC 20-5-4-8 IS AMENDED TO READ AS FOLLOWS
10 [EFFECTIVE UPON PASSAGE]: Sec. 8. (a) Whenever the governing
11 board of a school corporation finds and declares that an emergency
12 exists for the borrowing of money with which to pay current expenses
13 from a particular fund before the receipt of revenues from taxes levied
14 or state tuition support distributions for such fund, the governing board
15 may issue warrants in anticipation of the receipt of said revenues.

16 (b) The principal of these warrants shall be payable solely from the
17 fund for which the taxes are levied or from the general fund in the case
18 of anticipated state tuition support distributions. However, the interest
19 on these warrants may be paid from the debt service fund, from the
20 fund for which the taxes are levied, or the general fund in the case of
21 anticipated state tuition support distributions.

22 (c) The amount of principal of temporary loans maturing on or
23 before June 30 for any fund shall not exceed **the sum of:**

24 (1) eighty percent (80%) of the amount of taxes (**determined**
25 **without consideration of the amount of taxes referred to in**
26 **subdivision (2))** and state tuition support distributions estimated
27 to be collected or received for and distributed to the fund at the
28 June settlement; **plus**

29 (2) **one hundred percent (100%) of the amount of taxes that**
30 **are:**

31 (A) **imposed as the result of emergency relief authorized by**
32 **the department of local government finance under**
33 **IC 6-1.1-19-4.7; and**

34 (B) **estimated to be collected or received for and**
35 **distributed to the fund at the June settlement.**

36 (d) The amount of principal of temporary loans maturing after June
37 30, and on or before December 31, shall not exceed **the sum of:**

38 (1) eighty percent (80%) of the amount of taxes (**determined**
39 **without consideration of the amount of taxes referred to in**
40 **subdivision (2))** and state tuition support distributions estimated
41 to be collected or received for and distributed to the fund at the
42 December settlement; **plus**

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1 **(2) one hundred percent (100%) of the amount of taxes that**
 2 **are:**

3 **(A) imposed as the result of emergency relief authorized by**
 4 **the department of local government finance under**
 5 **IC 6-1.1-19-4.7; and**

6 **(B) estimated to be collected or received for and**
 7 **distributed to the fund at the December settlement.**

8 (e) At each settlement, the amount of taxes and state tuition support
 9 distributions estimated to be collected or received for and distributed
 10 to the fund includes any allocations to the fund from the property tax
 11 replacement fund.

12 (f) The estimated amount of taxes and state tuition support
 13 distributions to be collected or received and distributed shall be made
 14 by the county auditor or the auditor's deputy. **Except as provided in**
 15 **subsection (i),** the warrants evidencing any loan in anticipation of tax
 16 revenue or state tuition support distributions shall not be delivered to
 17 the purchaser of the warrant nor payment made on the warrant before
 18 January 1 of the year the loan is to be repaid. However, the proceedings
 19 necessary to the loan may be held and carried out before January 1 and
 20 before the approval. The loan may be made even though a part of the
 21 last preceding June or December settlement has not yet been received.

22 (g) Proceedings for the issuance and sale of warrants for more than
 23 one (1) fund may be combined, but separate warrants for each fund
 24 shall be issued and each warrant shall state on its face the fund from
 25 which its principal is payable. No action to contest the validity of such
 26 warrants shall be brought later than fifteen (15) days from the first
 27 publication of notice of sale.

28 (h) No issue of tax or state tuition support anticipation warrants
 29 shall be made if the aggregate of all these warrants exceed twenty
 30 thousand dollars (\$20,000) until the issuance is advertised for sale, bids
 31 received, and an award made by the governing board as required for the
 32 sale of bonds, except that the sale notice need not be published outside
 33 of the county nor more than ten (10) days before the date of sale.

34 **(i) A warrant evidencing any loan in anticipation of tax revenue**
 35 **referred to in subsections (c)(2) and (d)(2) may be issued and**
 36 **delivered to the purchaser of the warrant at any time after the**
 37 **emergency financial relief is authorized by the department of local**
 38 **government finance as described in those subsections.**

39 SECTION 7. IC 21-1-30-3, AS AMENDED BY P.L.224-2003,
 40 SECTION 141, IS AMENDED TO READ AS FOLLOWS
 41 [EFFECTIVE JULY 1, 2003 (RETROACTIVE)]: Sec. 3. (a) The
 42 amount to be distributed to a school corporation under this chapter is

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the amount determined by the following formula:

STEP ONE: For a calendar year ending before January 1, 2004, determine the applicable target pupil teacher ratio for the school corporation as follows:

(A) If the school corporation's at-risk index is less than seventeen hundredths (0.17), the school corporation's target pupil teacher ratio is eighteen to one (18:1).

(B) If the school corporation's at-risk index is at least seventeen hundredths (0.17) but less than twenty-seven hundredths (0.27), the school corporation's target pupil teacher ratio is fifteen (15) plus the result determined in item (iii):

(i) Determine the result of twenty-seven hundredths (0.27) minus the school corporation's at-risk index.

(ii) Determine the item (i) result divided by one-tenth (0.1).

(iii) Determine the item (ii) result multiplied by three (3).

(C) If the school corporation's at-risk index is at least twenty-seven hundredths (0.27), the school corporation's target pupil teacher ratio is fifteen to one (15:1).

STEP TWO: For a calendar year beginning after December 31, 2003, determine the applicable target pupil teacher ratio for the school corporation as follows:

(A) If the school corporation's complexity index is less than **one and one-tenth** (~~0.1~~), **(1.1)**, the school corporation's target pupil teacher ratio is eighteen to one (18:1).

(B) If the school corporation's complexity index is at least **one and one-tenth** (~~0.1~~) **(1.1)** but less than **one and two-tenths** (~~0.2~~), **(1.2)**, the school corporation's target pupil teacher ratio is fifteen (15) plus the result determined in item (iii):

(i) Determine the result of **one and two-tenths** (~~0.2~~) **(1.2)** minus the school corporation's complexity index.

(ii) Determine the item (i) result divided by one-tenth (0.1).

(iii) Determine the item (ii) result multiplied by three (3).

(C) If the school corporation's complexity index is at least **one and two-tenths** (~~0.2~~), **(1.2)**, the school corporation's target pupil teacher ratio is fifteen to one (15:1).

STEP THREE: Determine the result of:

(A) the ADM of the school corporation, as determined under section 2(2) of this chapter, in kindergarten through grade 3 for the current school year; divided by

(B) the school corporation's applicable target pupil teacher ratio, as determined in STEP ONE or STEP TWO.

STEP FOUR: Determine the result of:

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1 (A) the total regular general fund revenue (the amount
 2 determined in IC 21-3-1.7-8.2(b) STEP ONE or
 3 IC 21-3-1.7-8.2(c) STEP ONE) multiplied by seventy-five
 4 hundredths (0.75); divided by
 5 (B) the school corporation's total ADM.
 6 STEP FIVE: Determine the result of:
 7 (A) the STEP FOUR result; multiplied by
 8 (B) the ADM of the school corporation, as determined under
 9 section 2(2) of this chapter in kindergarten through grade 3 for
 10 the current school year.
 11 STEP SIX: Determine the result of:
 12 (A) the STEP FIVE result; divided by
 13 (B) the staff cost amount.
 14 STEP SEVEN: Determine the greater of zero (0) or the result of:
 15 (A) the STEP THREE amount; minus
 16 (B) the STEP SIX amount.
 17 STEP EIGHT: Determine the result of:
 18 (A) the STEP SEVEN amount; multiplied by
 19 (B) the staff cost amount.
 20 STEP NINE: Determine the greater of the STEP EIGHT amount
 21 or the school corporation's guaranteed amount.
 22 STEP TEN: If the amount the school corporation received under
 23 this chapter in the previous calendar year is greater than zero (0),
 24 determine the lesser of:
 25 (A) the STEP NINE amount; or
 26 (B) the amount the school corporation received under this
 27 chapter for the previous calendar year multiplied by one
 28 hundred seven and one-half percent (107.5%).
 29 (b) The amount received under this chapter shall be devoted to
 30 reducing class size in kindergarten through grade 3. A school
 31 corporation shall compile class size data for kindergarten through grade
 32 3 and report the data to the department of education for purposes of
 33 maintaining compliance with this chapter.
 34 SECTION 8. IC 21-2-11-4, AS AMENDED BY P.L.224-2003,
 35 SECTION 145, IS AMENDED TO READ AS FOLLOWS
 36 [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) Any lawful school
 37 expenses payable from any other fund of the school corporation,
 38 including without limitation debt service and capital outlay, but
 39 excluding costs attributable to transportation (as defined in
 40 IC 21-2-11.5-2), may be budgeted in and paid from the general fund.
 41 However, after June 30, 2003, and before July 1, 2005, a school
 42 corporation may budget for and pay costs attributable to transportation

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(as defined in IC 21-2-11.5-2) from the general fund.

(b) In addition, remuneration for athletic coaches (whether or not they are otherwise employed by the school corporation and whether or not they are licensed under IC 20-6.1-3) may be budgeted in and paid from the school corporation's general fund.

(c) During the period beginning July 1, 2003, and ending June 30, 2005, **the** school corporation may transfer money in a fund maintained by the school corporation (other than the special education preschool fund (IC 21-2-17-1) or the school bus replacement fund (IC 21-2-11.5-2)) that is obtained from:

(1) a source other than a state distribution or local property taxation; or

(2) a state distribution or a property tax levy that is required to be deposited in the fund;

to any other fund. A transfer under subdivision (2) may not be the sole basis for reducing the property tax levy for the fund from which the money is transferred or the fund to which money is transferred. Money transferred under this subsection may be used only to pay costs, including debt service, attributable to reductions in funding for transportation distributions under IC 21-3-3.1, including reimbursements associated with transportation costs for special education and vocational programs under IC 21-3-3.1-4, and ADA flat grants under IC 21-3-4.5. The property tax levy for a fund from which money was transferred may not be increased to replace the money transferred to another fund.

(d) The total amount transferred under subsection (c) may not exceed the following:

(1) For the period beginning July 1, 2003, and ending June 30, 2004, the total amount of state funding received for transportation distributions under IC 21-3-3.1, including reimbursements associated with transportation costs for special education and vocational programs under IC 21-3-3.1-4, and ADA flat grants under IC 21-3-4.5 for the same period.

(2) For the period beginning July 1, 2004, and ending June 30, 2005, the product of:

(A) the amount determined under subdivision (1) **(reduced by any amount levied under IC 21-2-11.5-3(b)(2))**; multiplied by

(B) two (2).

SECTION 9. IC 21-2-11.5-3, AS AMENDED BY P.L.1-2004, SECTION 59, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) Subject to subsection (b), each school

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corporation may levy for the calendar year a property tax for the school transportation fund sufficient to pay all operating costs attributable to transportation that:

- (1) are not paid from other revenues available to the fund as specified in section 4 of this chapter; and
- (2) are listed in section 2(a)(1) through 2(a)(7) of this chapter.

(b) For each year after 2003, the levy for the fund may not exceed:

(1) the amount determined by multiplying:

(A) the school corporation's levy for the school transportation fund for the previous year, as that levy was determined by the department of local government finance in fixing the ~~civil taxing unit's~~ **school corporation's** budget, levy, and rate for that preceding calendar year under IC 6-1.1-17 and after eliminating the effects of temporary excessive levy appeals and any other temporary adjustments made to the levy for the calendar year; ~~multiplied by~~

(B) the assessed value growth quotient determined under subsection (c) STEP FOUR; plus

(2) the amount determined under subsection (d).

(c) For purposes of subsection (b), the assessed value growth quotient is the amount determined under STEP FOUR of the following formula:

STEP ONE: For each of the six (6) calendar years immediately preceding the year in which a budget is adopted under IC 6-1.1-17-5 or IC 6-1.1-17-5.6 for part or all of the ensuing calendar year, divide the Indiana nonfarm personal income for the calendar year by the Indiana nonfarm personal income for the calendar year immediately preceding that calendar year, rounding to the nearest one-thousandth (0.001).

STEP TWO: Determine the sum of the STEP ONE results.

STEP THREE: Divide the STEP TWO result by six (6), rounding to the nearest one-thousandth (0.001).

STEP FOUR: Determine the lesser of the following:

(A) The STEP THREE quotient.

(B) One and six-hundredths (1.06).

If the amount levied in a particular year exceeds the amount necessary to cover the costs payable from the fund, the levy in the following year shall be reduced by the amount of surplus money.

(d) A school corporation may increase its school transportation fund levy for the ensuing year above the amount determined under subsection (b)(1) by the amount determined under STEP TWO of the following formula:

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STEP ONE: Determine the total amount of state funding received by the school corporation for transportation costs:

(A) under IC 21-3-3.1-1 through IC 21-3-3.1-3; and

(B) for special education and vocational programs under IC 21-3-3.1-4;

after June 30, 2003, and before July 1, 2004, multiplied by two (2).

STEP TWO: Decrease the STEP ONE amount by the amount by which the school corporation used any part of the STEP ONE amount to increase its school transportation fund levy under subsection (b)(2) in any previous year.

~~(c)~~ (e) Each school corporation may levy for the calendar year a tax for the school bus replacement fund in accordance with the school bus acquisition plan adopted under section 3.1 of this chapter.

~~(d)~~ (f) The tax rate and levy for each fund shall be established as a part of the annual budget for the calendar year in accord with IC 6-1.1-17.

SECTION 10. IC 21-3-1.6-1.1, AS AMENDED BY P.L.276-2003, SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: Sec. 1.1. As used in this chapter:

(a) "School corporation" means any local public school corporation established under Indiana law. Except as otherwise indicated, the term includes a charter school.

(b) "School year" means a year beginning July 1 and ending the next succeeding June 30.

(c) "State distribution" due a school corporation means the amount of state funds to be distributed to a school corporation in any calendar year under this chapter.

(d) "Average daily membership" or "ADM" of a school corporation means the number of eligible pupils enrolled in the school corporation or in a transferee corporation on a day to be fixed annually by the Indiana state board of education and, beginning in the school year that ends in the 2005 calendar year, as subsequently adjusted not later than January 30 under the rules adopted by the **Indiana** state board of education. The initial day of the count shall fall within the first thirty (30) days of the school term. If, however, extreme patterns of student in-migration, illness, natural disaster, or other unusual conditions in a particular school corporation's enrollment on either the day fixed by the Indiana state board of education or on the subsequent adjustment date, cause the enrollment to be unrepresentative of the school corporation's enrollment throughout a school year, the Indiana state board of

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education may designate another day for determining the school corporation's enrollment. The Indiana state board of education shall monitor changes that occur after the fall count, in the number of students enrolled in programs for children with disabilities and shall, before December 2 of that same year and, beginning in the 2004 calendar year, before April 2 of the following calendar year, make an adjusted count of students enrolled in programs for children with disabilities. The superintendent of public instruction shall certify the December adjusted count to the budget committee before February 5 of the following year and the April adjusted count not later than May 31 immediately after the date of the April adjusted count. In determining the ADM, each kindergarten pupil shall be counted as one-half (1/2) pupil. Where a school corporation commences kindergarten in a school year, the ADM of the current and prior calendar years shall be adjusted to reflect the enrollment of the kindergarten pupils. In determining the ADM, each pupil enrolled in a public school and a nonpublic school is to be counted on a full-time equivalency basis as provided in section 1.2 of this chapter.

(e) "Additional count" of a school corporation, or comparable language, means the aggregate of the additional counts of the school corporation for certain pupils as set out in section 3 of this chapter (repealed) and as determined at the times for calculating ADM. "Current additional count" means the initial computed additional count of the school corporation for the school year ending in the calendar year. "Prior year additional count" of a school corporation used in computing its state distribution in a calendar year means the initial computed additional count of the school corporation for the school year ending in the preceding calendar year.

(f) For purposes of this subsection, "school corporation" does not include a charter school. "Adjusted assessed valuation" of any school corporation used in computing state distribution for a calendar year means the assessed valuation in the school corporation, adjusted as provided in IC 6-1.1-34. The amount of the valuation shall also be adjusted downward by the department of local government finance to the extent it consists of real or personal property owned by a railroad or other corporation under the jurisdiction of a federal court under the federal bankruptcy laws (11 U.S.C. 101 et seq.) if as a result of the corporation being involved in a bankruptcy proceeding the corporation is delinquent in payment of its Indiana real and personal property taxes for the year to which the valuation applies. If the railroad or other corporation in some subsequent calendar year makes payment of the delinquent taxes, then the state superintendent of public instruction

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shall prescribe adjustments in the distributions of state funds pursuant to this chapter as are thereafter to become due to a school corporation affected by the delinquency as will ensure that the school corporation will not have been unjustly enriched under the provisions of P.L.382-1987(ss). The amount of the valuation shall also be adjusted downward by the department of local government finance to the extent it consists of real or personal property described in IC 6-1.1-17-0.5(b).

(g) "General fund" means a fund established under IC 21-2-11-2.

(h) "Teacher" means every person who is required as a condition of employment by a school corporation to hold a teacher's license issued or recognized by the state, except substitutes and any person paid entirely from federal funds.

(i) For purposes of this subsection, "school corporation" does not include a charter school. "Teacher ratio" of a school corporation used in computing state distribution in any calendar year means the ratio assigned to the school corporation pursuant to section 2 of this chapter.

(j) "Eligible pupil" means a pupil enrolled in a school corporation if:

(1) the school corporation has the responsibility to educate the pupil in its public schools without the payment of tuition;

(2) subject to subdivision (5), the school corporation has the responsibility to pay transfer tuition under IC 20-8.1-6.1, because the pupil is transferred for education to another school corporation (the "transferee corporation");

(3) the pupil is enrolled in a school corporation as a transfer student under IC 20-8.1-6.1-3 or entitled to be counted for ADM or additional count purposes as a resident of the school corporation when attending its schools under any other applicable law or regulation;

(4) the state is responsible for the payment of transfer tuition to the school corporation for the pupil under IC 20-8.1-6.1; or

(5) all of the following apply:

(A) The school corporation is a transferee corporation.

(B) The pupil does not qualify as a qualified pupil in the transferee corporation under subdivision (3) or (4).

(C) The transferee corporation's attendance area includes a state licensed private or public health care facility, child care facility, or foster family home where the pupil was placed:

(i) by or with the consent of the division of family and children;

(ii) by a court order;

(iii) by a child placing agency licensed by the division of

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family and children; or

(iv) by a parent or guardian under IC 20-8.1-6.1-5.

For purposes of IC 21-3-12, the term includes a student enrolled in a charter school.

(k) "General fund budget" of a school corporation means the amount of the budget approved for a given year by the department of local government finance and used by the department of local government finance in certifying a school corporation's general fund tax levy and tax rate for the school corporation's general fund as provided for in IC 21-2-11. The term does not apply to a charter school.

(l) "At risk index" means the following:

(1) For a school corporation that is a not a charter school, the sum of:

(A) the product of sixteen-hundredths (0.16) multiplied by the percentage of families in the school corporation with children who are less than eighteen (18) years of age and who have a family income below the federal income poverty level (as defined in IC 12-15-2-1);

(B) the product of four-tenths (0.4) multiplied by the percentage of families in the school corporation with a single parent; and

(C) the product of forty-four hundredths (0.44) multiplied by the percentage of the population in the school corporation who are at least twenty (20) years of age with less than a twelfth grade education.

The data to be used in making the calculations under this subdivision must be the data from the ~~2000~~ 1990 federal decennial census.

(2) For a charter school, the index determined under subdivision (1) for the school corporation in which the charter school is located.

(m) "ADM of the previous year" or "ADM of the prior year" used in computing a state distribution in a calendar year means the initial computed ADM for the school year ending in the preceding calendar year.

(n) "Current ADM" used in computing a state distribution in a calendar year means the initial computed ADM for the school year ending in the calendar year.

SECTION 11. IC 21-3-1.7-6.7, AS AMENDED BY P.L.276-2003, SECTION 29, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003 (RETROACTIVE)]: Sec. 6.7. (a) This subsection applies during the 2003 calendar year. For each school corporation that is not

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a charter school, the index used in subsection (d) is determined under the following STEPS:

STEP ONE: Determine the greater of zero (0) or the result of the following:

(1) Multiply the school corporation's at risk index by twenty-five hundredths (0.25).

(2) Divide the result under subdivision (1) by three thousand seven hundred thirty-six ten-thousandths (0.3736).

(3) Subtract three hundred ninety-five ten-thousandths (0.0395) from the result under subdivision (2).

STEP TWO: Determine the greater of zero (0) or the result of the following:

(1) Multiply the percentage of the school corporation's students who were eligible for free lunches in the school year ending in 2001 by twenty-five hundredths (0.25).

(2) Divide the result under subdivision (1) by seven hundred twenty-three thousandths (0.723).

STEP THREE: Determine the greater of zero (0) or the result of the following:

(1) Multiply the percentage of the school corporation's students who were classified as limited English proficient in the school year ending in 2000 by twenty-five hundredths (0.25).

(2) Divide the result under subdivision (1) by one thousand seven hundred fifteen ten-thousandths (0.1715).

STEP FOUR: Determine the result of:

(1) the sum of the results in STEPS ONE through THREE; divided by

(2) three (3).

STEP FIVE: Determine the result of one (1) plus the STEP FOUR result.

(b) This subsection applies to calendar years beginning after December 31, 2003. For each school corporation that is not a charter school, the index used in subsection (e) is determined under the following STEPS:

STEP ONE: Determine the greater of zero (0) or the result of the following:

(1) Determine the percentage of the population in the school corporation who are at least ~~twenty (20)~~ **twenty-five (25)** years of age with less than a twelfth grade education.

(2) Determine the quotient of:

(A) eight hundred seventy dollars (\$870) in 2004 and nine

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- 1 hundred seventy dollars (\$970) in 2005; divided by
 2 (B) four thousand three hundred fifty dollars (\$4,350) in
 3 2004 and four thousand three hundred sixty-eight dollars
 4 (\$4,368) in 2005.
- 5 (3) Determine the product of:
 6 (A) the subdivision (1) amount; multiplied by
 7 (B) the subdivision (2) amount.
- 8 STEP TWO: Determine the greater of zero (0) or the result of the
 9 following:
 10 (1) Determine the percentage of the school corporation's
 11 students who were eligible for free lunches in the school year
 12 ending in 2003.
 13 (2) Determine the quotient of:
 14 (A) one thousand one hundred dollars (\$1,100) in 2004 and
 15 one thousand two hundred dollars (\$1,200) in 2005; divided
 16 by
 17 (B) four thousand three hundred fifty dollars (\$4,350) in
 18 2004 and four thousand three hundred sixty-eight dollars
 19 (\$4,368) in 2005.
 20 (3) Determine the product of:
 21 (A) the subdivision (1) amount; multiplied by
 22 (B) the subdivision (2) amount.
- 23 STEP THREE: Determine the greater of zero (0) or the result of
 24 the following:
 25 (1) Determine the percentage of the school corporation's
 26 students who were classified as limited English proficient in
 27 the school year ending in 2003.
 28 (2) Determine the quotient of:
 29 (A) three hundred ten dollars (\$310) in 2004 and four
 30 hundred thirty dollars (\$430) in 2005; divided by
 31 (B) four thousand three hundred fifty dollars (\$4,350) in
 32 2004 and four thousand three hundred sixty-eight dollars
 33 (\$4,368) in 2005.
 34 (3) Determine the product of:
 35 (A) the subdivision (1) amount; multiplied by
 36 (B) the subdivision (2) amount.
- 37 STEP FOUR: Determine the greater of zero (0) or the result of the
 38 following:
 39 (1) Determine the percentage of families in the school
 40 corporation with a single parent.
 41 (2) Determine the quotient of:
 42 (A) four hundred forty dollars (\$440) in 2004 and five

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- 1 hundred thirty dollars (\$530) in 2005; divided by
- 2 (B) four thousand three hundred fifty dollars (\$4,350) in
- 3 2004 and four thousand three hundred sixty-eight dollars
- 4 (\$4,368) in 2005.
- 5 (3) Determine the product of:
- 6 (A) the subdivision (1) amount; multiplied by
- 7 (B) the subdivision (2) amount.
- 8 STEP FIVE: Determine the greater of zero (0) or the result of the
- 9 following:
- 10 (1) Determine the percentage of families in the school
- 11 corporation with children who are less than eighteen (18) years
- 12 of age and who have a family income level below the federal
- 13 income poverty level (as defined in IC 12-15-2-1).
- 14 (2) Determine the quotient of:
- 15 (A) two hundred twenty dollars (\$220) in 2004 and three
- 16 hundred thirty dollars (\$330) in 2005; divided by
- 17 (B) four thousand three hundred fifty dollars (\$4,350) in
- 18 2004 and four thousand three hundred sixty-eight dollars
- 19 (\$4,368) in 2005.
- 20 (3) Determine the product of:
- 21 (A) the subdivision (1) amount; multiplied by
- 22 (B) the subdivision (2) amount.
- 23 STEP SIX: Determine the sum of the results in STEPS ONE
- 24 through FIVE.
- 25 STEP SEVEN: Determine the result of one (1) plus the STEP SIX
- 26 result.
- 27 STEP EIGHT: This STEP applies if the STEP SEVEN result is
- 28 equal to or greater than one and twenty-five hundredths (1.25).
- 29 Determine the result of the following:
- 30 (1) Determine the STEP TWO (1) amount for the school
- 31 corporation.
- 32 (2) Determine the quotient of:
- 33 (A) one hundred fifty dollars (\$150); divided by
- 34 (B) four thousand three hundred fifty dollars (\$4,350) in
- 35 2004 and four thousand three hundred sixty-eight dollars
- 36 (\$4,368) in 2005.
- 37 (3) Determine the product of:
- 38 (A) the subdivision (1) amount; multiplied by
- 39 (B) the subdivision (2) amount.
- 40 (4) Determine the STEP FIVE (1) amount for the school
- 41 corporation.
- 42 (5) Determine the product of:

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- 1 (A) the subdivision (4) amount; multiplied by
- 2 (B) the subdivision (2) amount.
- 3 (6) Determine the result of:
- 4 (A) the subdivision (3) result; plus
- 5 (B) the subdivision (5) result.
- 6 (7) Determine the result of:
- 7 (A) the STEP SEVEN result; plus
- 8 (B) the subdivision (6) result.
- 9 The data to be used in making the calculations under STEP ONE,
- 10 STEP FOUR, and STEP FIVE of this subsection must be the data from
- 11 the 2000 federal decennial census.
- 12 (c) For each charter school, the index used in section (d) or (e) is the
- 13 index determined under subsection (a) or (b) for the school corporation
- 14 in which the charter school is located.
- 15 (d) This subsection applies to calendar years ending before January
- 16 1, 2004. A school corporation's target revenue per ADM for a calendar
- 17 year is the result determined under STEP SIX of the following formula:
- 18 STEP ONE: Determine the result under clause (B) of the
- 19 following formula:
- 20 (A) Determine the result of:
- 21 (i) four thousand five hundred sixty dollars (\$4,560);
- 22 multiplied by
- 23 (ii) the index determined for the school corporation under
- 24 subsection (a) or (c), as applicable.
- 25 (B) Multiply the clause (A) result by the school corporation's
- 26 adjusted ADM for the current year.
- 27 STEP TWO: Divide the school corporation's previous year
- 28 revenue by the school corporation's adjusted ADM for the
- 29 previous year.
- 30 STEP THREE: Multiply the index determined under subsection
- 31 (a) or (c), as applicable, by the following:
- 32 (A) If the STEP TWO result is not more than four thousand
- 33 five hundred sixty dollars (\$4,560), multiply by ninety dollars
- 34 (\$90).
- 35 (B) If the STEP TWO result is more than four thousand five
- 36 hundred sixty dollars (\$4,560) and not more than five
- 37 thousand eight hundred twenty-five dollars (\$5,825), multiply
- 38 by the result under clause (C).
- 39 (C) Determine the result of the following:
- 40 (i) The STEP TWO result minus four thousand five hundred
- 41 sixty dollars (\$4,560).
- 42 (ii) Divide the item (i) result by one thousand two hundred

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sixty-five dollars (\$1,265).

(iii) Multiply the item (ii) result by forty dollars (\$40).

(iv) Subtract the item (iii) result from ninety dollars (\$90).

(D) If the STEP TWO result is more than five thousand eight hundred twenty-five dollars (\$5,825), multiply by fifty dollars (\$50).

STEP FOUR: Add the STEP TWO result and the STEP THREE result.

STEP FIVE: **For:**

(A) a charter school, multiply the STEP SIX amount for the school corporation where the charter school is located by the adjusted ADM for the current year for the charter school; and

(B) a school corporation other than a charter school, determine the greatest of the following:

~~(A)~~ (i) Multiply the STEP FOUR result by the school corporation's adjusted ADM for the current year.

~~(B)~~ (ii) Multiply the school corporation's previous year revenue by one and two-hundredths (1.02).

~~(C)~~ (iii) The STEP ONE amount.

STEP SIX: Divide the STEP FIVE amount by the school corporation's adjusted ADM for the current year.

(e) This subsection applies to calendar years beginning after December 31, 2003. A school corporation's target revenue per ADM for a calendar year is the result determined under STEP NINE of the following formula:

STEP ONE: Determine the result under clause (B) of the following formula:

(A) Determine the result of:

(i) four thousand three hundred fifty dollars (\$4,350) in 2004 and four thousand three hundred sixty-eight dollars (\$4,368) in 2005; multiplied by

(ii) the index determined for the school corporation under subsection (b) or (c), as applicable.

(B) Multiply the clause (A) result by the school corporation's adjusted ADM for the current year.

STEP TWO: Determine the result under the following formula:

(A) Determine the quotient of:

(i) the school corporation's previous year revenue; divided by

(ii) the school corporation's ADM for the previous year.

(B) Determine the product of:

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- 1 (i) the clause (A) amount; multiplied by
 2 (ii) one and two-hundredths (1.02).
 3 (C) Determine the product of:
 4 (i) the clause (B) amount; multiplied by
 5 (ii) the school corporation's current ADM.
 6 STEP THREE: Determine the result under the following formula:
 7 (A) Determine the product of:
 8 (i) the STEP TWO clause (A) amount; multiplied by
 9 (ii) ninety-eight hundredths (0.98).
 10 (B) Determine the product of:
 11 (i) the clause (A) amount; multiplied by
 12 (ii) the school corporation's current ADM.
 13 STEP FOUR: Determine the lesser of:
 14 (A) the STEP ONE amount; or
 15 (B) the STEP TWO amount.
 16 STEP FIVE: Determine the greater of:
 17 (A) the STEP THREE amount; or
 18 (B) the STEP FOUR amount.
 19 STEP SIX: Divide the school corporation's previous year revenue
 20 by the school corporation's adjusted ADM for the previous year.
 21 STEP SEVEN: Determine the product of:
 22 (A) the STEP SIX result; multiplied by
 23 (B) the school corporation's current adjusted ADM.
 24 STEP EIGHT: **For:**
 25 **(A) a charter school that has previous year revenue that is**
 26 **not greater than zero (0), multiply the STEP NINE amount**
 27 **for the school corporation where the charter school is**
 28 **located by the current adjusted ADM for the charter**
 29 **school; and**
 30 **(B) a school corporation, other than a charter school**
 31 **described in clause (A), determine the greatest of the**
 32 **following:**
 33 ~~(A)~~ (i) The product of
 34 ~~(i)~~ the school corporation's previous year revenue multiplied
 35 by
 36 ~~(ii)~~ one and one-hundredth (1.01).
 37 ~~(B)~~ (ii) The STEP FIVE amount.
 38 ~~(C)~~ (iii) The STEP SEVEN amount.
 39 STEP NINE: Determine the quotient of:
 40 (A) the STEP EIGHT amount; divided by
 41 (B) the school corporation's current adjusted ADM.
 42 SECTION 12. IC 20-5-4-1.7 IS REPEALED [EFFECTIVE

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1 JANUARY 1, 2007].

2 SECTION 13. P.L.10-2003, SECTION 3, IS REPEALED
3 [EFFECTIVE JULY 1, 2004].

4 SECTION 14. IC 21-4-20 IS REPEALED [EFFECTIVE UPON
5 PASSAGE].

6 SECTION 15. P.L.276-2003, SECTION 37 IS AMENDED TO
7 READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003
8 (RETROACTIVE)]: SECTION 37. (a) This SECTION applies only to
9 Campagna Academy Charter School.

10 (b) Notwithstanding **the version of IC 21-3-1.6-1.1(l)**, as amended
11 by **P.L.276-2003, SECTION 23, and the version of**
12 **IC 21-3-1.6-1.1(l)**, as amended by this act, the at risk index for
13 Campagna Academy Charter School equals the weighted average of the
14 at risk indices for the school corporations in which the students who
15 attend Campagna Academy Charter School have legal settlement.

16 (c) Notwithstanding **the version of IC 21-3-1.7-6.7(b)**, as amended
17 by **P.L.276-2003, SECTION 29 and the version of**
18 **IC 21-3-1.7-6.7(b)**, as amended by this act, the index for purposes of
19 IC 21-3-1.7-6.7(c) for Campagna Academy Charter School equals the
20 weighted average of the indices determined under IC 21-3-1.7-6.7(a)
21 for the school corporations in which the students who attend Campagna
22 Academy Charter School have legal settlement.

23 (d) This SECTION expires ~~June 30,~~ **December 31, 2005.**

24 SECTION 16. [EFFECTIVE JULY 1, 2003 (RETROACTIVE)] (a)
25 **Notwithstanding the effective date of the amendment made by this**
26 **act to IC 21-3-1.7-6.7, the amendments made by this act to**
27 **IC 21-3-1.7-6.7(d) apply to the calculation of a school corporation's**
28 **target revenue per ADM for the entire calendar year of 2003.**

29 (b) Notwithstanding P.L.224-2003, SECTION 9, the amount
30 available to a school corporation from the appropriation for FULL
31 DAY KINDERGARTEN equals the amount appropriated for the
32 state fiscal year divided by the total ADM (as defined in
33 IC 21-3-1.6-1.1) of participating school corporations for the
34 current year, and then multiplied by the school corporation's ADM
35 (as defined in IC 21-3-1.6-1.1) for the current year.

36 (c) An action taken by the department of education before April
37 30, 2004, that complies with subsection (b) or IC 21-3-1.6-1.1,
38 IC 21-3-1.7-6.7, or IC 21-1-30-3, all as amended by this act, is
39 legalized and validated to the same extent as if this act had been
40 enacted before the date the action was taken by the department of
41 education.

42 SECTION 17. [EFFECTIVE UPON PASSAGE] (a)

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Notwithstanding the expiration of the time under IC 21-2-4-7, IC 21-2-11.5-5, and IC 21-2-15-13.1 during which a school corporation is authorized to transfer money from a debt service fund, a transportation fund, or a capital projects fund to the general fund for use for a general fund purpose, a school corporation that:

(1) adopted a resolution in conformity with IC 21-2-4-7, IC 21-2-11.5-5, or IC 21-2-15-13.1 after December 31, 2002, and before July 1, 2003; and

(2) failed before July 1, 2003, to transfer the amount specified in the resolution;

may, without readopting the resolution, transfer, after July 1, 2003, and before July 1, 2005, from the fund specified in the resolution to the general fund the lesser of the amount authorized for transfer under IC 21-2-4-7, IC 21-2-11.5-5, or IC 21-2-15-13.1, as appropriate, or the amount specified in the resolution.

(b) A transfer made under this SECTION shall be treated as if it were made within the time allowed by IC 21-2-4-7, IC 21-2-11.5-5, and IC 21-2-15-13.1.

(c) This SECTION expires July 1, 2005.

SECTION 18. [EFFECTIVE JULY 1, 2004] (a) After December 31, 2004, a school corporation may not issue bonds under IC 20-5-4-1.7, as amended by this act, unless the school corporation submits a proposal described in IC 20-5-4-1.7(d)(2), as amended by this act, to the department of local government finance before January 1, 2005.

(b) This SECTION expires January 1, 2007.

SECTION 19. [EFFECTIVE UPON PASSAGE] (a) IC 6-1.1-19-13, as added by this act, applies only to appeals filed to impose an additional levy for a year after December 31, 2004.

(b) IC 21-2-11.5-3, as amended by this act, applies to property taxes imposed for an assessment date after February 28, 2003, and first due and payable after December 31, 2003. The amendment of IC 21-2-11.5-3 by this act does not authorize a school corporation to impose a tax rate or tax levy in 2004 for a transportation fund that exceeds the tax rate, tax levy, or budget originally fixed by the school corporation for the year.

SECTION 20. [EFFECTIVE UPON PASSAGE] (a) This SECTION applies to a school corporation:

(1) that for property taxes first due and payable in 2004 qualified for emergency financial relief described in IC 6-1.1-19-4.7; and

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1 (2) for which data available to the school corporation before
2 the deadline in 2003 for filing an appeal for the emergency
3 financial relief referred to in subdivision (1) was insufficient
4 to determine whether the school corporation qualified for
5 emergency financial relief under the appeal.

6 (b) A school corporation may:

7 (1) before December 31, 2004, appeal for emergency financial
8 relief described in IC 6-1.1-19-4.7 for property taxes first due
9 and payable in 2005 based on a shortfall that occurred with
10 respect to property taxes first due and payable in 2003; and
11 (2) issue warrants under IC 20-5-4-8, as amended by this act,
12 in anticipation of the receipt of property taxes first due and
13 payable in 2005 imposed as the result of the approval of
14 emergency financial relief by the department of local
15 government finance under the appeal referred to in
16 subdivision (1).

17 (c) This SECTION expires January 1, 2006.

18 SECTION 21. An emergency is declared for this act.

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COMMITTEE REPORT

Madam President: The Senate Committee on Finance, to which was referred Senate Bill No. 257, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 12, line 33, after "corporation" insert ",".

Page 12, line 33, delete "that" and insert "**described in clause (A)**".

Page 12, delete line 34.

and when so amended that said bill do pass.

(Reference is to SB 257 as introduced.)

BORST, Chairperson

Committee Vote: Yeas 13, Nays 0.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Senate Bill 257, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 6-1.1-19-13 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 13. (a) This section applies to a levy for a fund other than a school corporation's general fund.**

(b) A school corporation may appeal to the department of local government finance under this chapter for the purpose of making up a shortfall that has resulted:

(1) whenever:

(A) erroneous assessed valuation figures were provided to the school corporation;

(B) erroneous figures were used to determine the school corporation's total property tax rate; and

(C) the school corporation's levy for the fund was reduced under IC 6-1.1-17-16(d);

(2) because of the payment of refunds that resulted from appeals under this article and IC 6-1.5; or

(3) because of a delinquent taxpayer.

(c) With respect to each appeal petition:

(1) that is delivered to the tax control board by the department of local government finance under section 4.1 of this chapter;

(2) that includes a request under this section to make up a shortfall; and

(3) for which the tax control board finds that the sum of:

(A) the balance in the school corporation's levy excess fund that is available to replace the lost revenue to a fund due to a shortfall; and

(B) the property taxes collected for the school corporation; is less than ninety-nine percent (99%) of the school corporation's property tax levy for the fund in that year, as finally approved by the department of local government finance;

the tax control board may recommend to the department of local government finance that the school corporation take the action described in subsection (d) and shall recommend to the department

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of local government finance that the school corporation take the action described in subsection (e).

(d) The tax control board may recommend that the school corporation be given financial relief from the state, on terms to be specified by the tax control board in the board's recommendation, in the form of:

- (1) a grant or grants from any funds of the state that are available for such a purpose;
- (2) a loan or loans from any funds of the state that are available for such a purpose;
- (3) permission to the appellant school corporation to borrow funds from a source other than the state or to receive assistance in obtaining the loan; or
- (4) an advance or advances of funds that will become payable to the appellant school corporation under any law providing for the payment of state funds to school corporations.

(e) The tax control board shall recommend that the school corporation be permitted to collect an additional levy for the affected fund for a specified calendar year in the amount of the difference between:

- (1) the school corporation's property tax levy for a particular year, as finally approved by the department of local government finance; and
- (2) the school corporation's actual property tax collections, plus any balance in the school corporation's levy excess fund that is available to replace the lost revenue in the fund.

(f) Each recommendation made by the tax control board under this section shall specify the amount of the additional levy. The department of local government finance shall authorize the school corporation to make the additional levy in accordance with the recommendation without any other proceeding. Whenever the department of local government finance authorizes an additional levy under this subsection, the department shall take appropriate steps to ensure that the proceeds of the excessive tax levy are first used to repay any loan or advance authorized after a recommendation under subsection (d).

(g) The:

- (1) ad valorem property tax rate limits; and
- (2) ad valorem property tax levy limits;

imposed by any other law on a fund do not apply to an additional ad valorem property tax levy authorized under this section.

(h) For purposes of computing the ad valorem property tax levy

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limit imposed on a fund under any other law, the school corporation's ad valorem property tax levy for a particular year does not include that part of the levy for the fund that is attributable to an additional ad valorem property tax levy authorized under this section.

SECTION 2. IC 6-1.1-21-2, AS AMENDED BY P.L.1-2004, SECTION 33, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. As used in this chapter:

(a) "Taxpayer" means a person who is liable for taxes on property assessed under this article.

(b) "Taxes" means property taxes payable in respect to property assessed under this article. The term does not include special assessments, penalties, or interest, but does include any special charges which a county treasurer combines with all other taxes in the preparation and delivery of the tax statements required under IC 6-1.1-22-8(a).

(c) "Department" means the department of state revenue.

(d) "Auditor's abstract" means the annual report prepared by each county auditor which, under IC 6-1.1-22-5, is to be filed on or before March 1 of each year with the auditor of state.

(e) "Mobile home assessments" means the assessments of mobile homes made under IC 6-1.1-7.

(f) "Postabstract adjustments" means adjustments in taxes made subsequent to the filing of an auditor's abstract which change assessments therein or add assessments of omitted property affecting taxes for such assessment year.

(g) "Total county tax levy" means the sum of:

(1) the remainder of:

(A) the aggregate levy of all taxes for all taxing units in a county which are to be paid in the county for a stated assessment year as reflected by the auditor's abstract for the assessment year, adjusted, however, for any postabstract adjustments which change the amount of the aggregate levy; minus

(B) the sum of any increases in property tax levies of taxing units of the county that result from appeals described in:

(i) IC 6-1.1-18.5-13(4) and IC 6-1.1-18.5-13(5) filed after December 31, 1982; plus

(ii) the sum of any increases in property tax levies of taxing units of the county that result from any other appeals described in IC 6-1.1-18.5-13 filed after December 31, 1983; plus

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(iii) IC 6-1.1-18.6-3 (children in need of services and delinquent children who are wards of the county); minus
 (C) the total amount of property taxes imposed for the stated assessment year by the taxing units of the county under the authority of IC 12-1-11.5 (repealed), IC 12-2-4.5 (repealed), IC 12-19-5, or IC 12-20-24; minus

(D) the total amount of property taxes to be paid during the stated assessment year that will be used to pay for interest or principal due on debt that:

(i) is entered into after December 31, 1983;

(ii) is not debt that is issued under IC 5-1-5 to refund debt incurred before January 1, 1984; and

(iii) does not constitute debt entered into for the purpose of building, repairing, or altering school buildings for which the requirements of IC 20-5-52 were satisfied prior to January 1, 1984; minus

(E) the amount of property taxes imposed in the county for the stated assessment year under the authority of IC 21-2-6 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(F) the remainder of:

(i) the total property taxes imposed in the county for the stated assessment year under authority of IC 21-2-6 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was not initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(ii) the total property taxes imposed in the county for the 1984 stated assessment year under the authority of IC 21-2-6 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was not initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(G) the amount of property taxes imposed in the county for the stated assessment year under:

(i) IC 21-2-15 for a capital projects fund; plus

(ii) IC 6-1.1-19-10 for a racial balance fund; plus

(iii) IC 20-14-13 for a library capital projects fund; plus

(iv) IC 20-5-17.5-3 for an art association fund; plus

(v) IC 21-2-17 for a special education preschool fund; plus

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- (vi) IC 21-2-11.6 for a referendum tax levy fund; plus
- (vii) an appeal filed under IC 6-1.1-19-5.1 for an increase in a school corporation's maximum permissible general fund levy for certain transfer tuition costs; ~~plus~~
- (viii) an appeal filed under IC 6-1.1-19-5.4 for an increase in a school corporation's maximum permissible general fund levy for transportation operating costs; **plus**
- (ix) an appeal filed under IC 6-1.1-19-13 for the purpose of making up a shortfall; plus**
- (x) IC 21-2-11.5-3(b)(2) for a school transportation fund, including any increase in that amount in a subsequent year attributable to the annual application of the assessed value growth determined under IC 21-2-11.5-3(c) to the amount; minus**
- (H) the amount of property taxes imposed by a school corporation that is attributable to the passage, after 1983, of a referendum for an excessive tax levy under IC 6-1.1-19, including any increases in these property taxes that are attributable to the adjustment set forth in IC 6-1.1-19-1.5 or any other law; minus
- (I) for each township in the county, the lesser of:
 - (i) the sum of the amount determined in IC 6-1.1-18.5-19(a) STEP THREE or IC 6-1.1-18.5-19(b) STEP THREE, whichever is applicable, plus the part, if any, of the township's ad valorem property tax levy for calendar year 1989 that represents increases in that levy that resulted from an appeal described in IC 6-1.1-18.5-13(4) filed after December 31, 1982; or
 - (ii) the amount of property taxes imposed in the township for the stated assessment year under the authority of IC 36-8-13-4; minus
- (J) for each participating unit in a fire protection territory established under IC 36-8-19-1, the amount of property taxes levied by each participating unit under IC 36-8-19-8 and IC 36-8-19-8.5 less the maximum levy limit for each of the participating units that would have otherwise been available for fire protection services under IC 6-1.1-18.5-3 and IC 6-1.1-18.5-19 for that same year; minus
- (K) for each county, the sum of:
 - (i) the amount of property taxes imposed in the county for the repayment of loans under IC 12-19-5-6 (repealed) that is included in the amount determined under IC 12-19-7-4(a)

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STEP SEVEN for property taxes payable in 1995, or for property taxes payable in each year after 1995, the amount determined under IC 12-19-7-4(b); and

(ii) the amount of property taxes imposed in the county attributable to appeals granted under IC 6-1.1-18.6-3 that is included in the amount determined under IC 12-19-7-4(a) STEP SEVEN for property taxes payable in 1995, or the amount determined under IC 12-19-7-4(b) for property taxes payable in each year after 1995; plus

(2) all taxes to be paid in the county in respect to mobile home assessments currently assessed for the year in which the taxes stated in the abstract are to be paid; plus

(3) the amounts, if any, of county adjusted gross income taxes that were applied by the taxing units in the county as property tax replacement credits to reduce the individual levies of the taxing units for the assessment year, as provided in IC 6-3.5-1.1; plus

(4) the amounts, if any, by which the maximum permissible ad valorem property tax levies of the taxing units of the county were reduced under IC 6-1.1-18.5-3(b) STEP EIGHT for the stated assessment year; plus

(5) the difference between:

(A) the amount determined in IC 6-1.1-18.5-3(e) STEP FOUR; minus

(B) the amount the civil taxing units' levies were increased because of the reduction in the civil taxing units' base year certified shares under IC 6-1.1-18.5-3(e).

(h) "December settlement sheet" means the certificate of settlement filed by the county auditor with the auditor of state, as required under IC 6-1.1-27-3.

(i) "Tax duplicate" means the roll of property taxes which each county auditor is required to prepare on or before March 1 of each year under IC 6-1.1-22-3.

(j) "Eligible property tax replacement amount" is equal to the sum of the following:

(1) Sixty percent (60%) of the total county tax levy imposed by each school corporation in a county for its general fund for a stated assessment year.

(2) Twenty percent (20%) of the total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) imposed in a county on real property for a stated assessment year.

(3) Twenty percent (20%) of the total county tax levy (less sixty

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percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) imposed in a county on tangible personal property, excluding business personal property, for an assessment year.

(k) "Business personal property" means tangible personal property (other than real property) that is being:

- (1) held for sale in the ordinary course of a trade or business; or
- (2) held, used, or consumed in connection with the production of income.

(l) "Taxpayer's property tax replacement credit amount" means the sum of the following:

- (1) Sixty percent (60%) of a taxpayer's tax liability in a calendar year for taxes imposed by a school corporation for its general fund for a stated assessment year.
- (2) Twenty percent (20%) of a taxpayer's tax liability for a stated assessment year for a total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) on real property.
- (3) Twenty percent (20%) of a taxpayer's tax liability for a stated assessment year for a total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) on tangible personal property other than business personal property.

(m) "Tax liability" means tax liability as described in section 5 of this chapter.

(n) "General school operating levy" means the ad valorem property tax levy of a school corporation in a county for the school corporation's general fund.

SECTION 3. IC 20-3-11-22, AS AMENDED BY P.L.2-2002, SECTION 70, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 22. (a) The board of school commissioners may not create any debt in excess of twenty-five thousand dollars (\$25,000) in the aggregate, except as otherwise provided in this chapter, and except further debts as are on or after March 9, 1931, authorized by the general school laws of Indiana, including within the latter exception, but not by way of limitation, ~~IC 21-4-20~~ and IC 20-5-1 through IC 20-5-6.

(b) Notwithstanding the provisions of subsection (a), the board is liable upon its lawful contracts with persons rendering services and furnishing materials incident to the ordinary current operations of its schools if the contracts have been entered into as provided in this chapter and in accordance with law. The obligations of the board to

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persons rendering services or furnishing materials may not be considered to be limited or prohibited by any of the provisions of this chapter.

(c) If the compensation to be paid for the purchase of any real estate or interest in real estate required by the board for its purposes cannot be agreed upon or determined by the board and the persons owning or having an interest in the land desired for its purposes or sites, the board of school commissioners has the power of eminent domain and shall proceed to have the compensation determined and to acquire the title to the real estate or interest in the real estate by action in court under IC 32-24. The right and power of the board to own and acquire real estate and interests in real estate in any of the manners and for any of the purposes specified in this chapter or by the general school laws of this state may not be limited to real estate situated within the corporate boundaries of the civil city in which any school city is located. However, the right and power to acquire and own real estate extends to any parcel or trace of real estate the whole of which is situated:

- (1) within one-half (1/2) mile of the nearest point on the corporate boundary of the civil city; or
- (2) within, or within one-half (1/2) mile of the nearest point on the boundary of, any platted territory lying outside but contiguous to, or contiguous to another platted territory that is contiguous to, the corporate boundary of the civil city.

(d) "Platted territory", as used in subsection (c), means any territory or land area of which a plat has been recorded in the manner provided by the laws of Indiana pertaining to the recording of plats of land.

(e) Before acquiring any real estate or interest in real estate outside the corporate limits of the civil city, the board must, by resolution made a matter of record in its corporate minutes, find and determine that, in the judgment of the board, the real estate or interest in real estate to be acquired will be needed for the future purposes of the board. This chapter does not limit the right of any board to accept, own, and hold real estate or interest in real estate, wherever situated, that is acquired by the board by gift or devise.

SECTION 4. IC 20-5-1-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. As used in IC 20-5-1 through IC 20-5-6, the following terms shall have the following meanings:

(a) "School corporation": ~~shall mean~~

- (1) for purposes of a provision other than IC 20-5-4-8, means** any local public school corporation established under the laws of the state of Indiana, including but not limited to school cities, school towns, metropolitan school districts, consolidated school

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corporations, county school corporations, community school corporations, and united school corporations, excluding, however, school townships; **and**

(2) for purposes of IC 20-5-4-8, means a local public school corporation described in subdivision (1) or a school township.

(b) "Governing body" shall mean the board of commissioners charged by law with the responsibility of administering the affairs of a school corporation, including but not limited to a board of school commissioners, metropolitan board of education, board of school trustees, or board of trustees, and "member" shall mean a member of such governing body.

(c) "School purposes" shall mean the general purposes and powers provided in IC 20-5-2-1.2 and IC 20-5-2-2. However, the delineation of a specific power in IC 20-5-2-2 shall not be construed as a limitation on the general powers and purposes set out in IC 20-5-2-1.2.

SECTION 5. IC 20-5-4-1.7, AS AMENDED BY P.L.10-2003, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 1.7. (a) For purposes of this section, "retirement or severance liability" means the payments anticipated to be required to be made to employees of a school corporation upon or after the termination of their employment by the school corporation under an existing or previous employment agreement.

(b) In addition to the purposes set forth in section 1 of this chapter, a school corporation may issue bonds to implement solutions to contractual retirement or severance liability. The issuance of bonds for this purpose is subject to the following limitations:

(1) **Except as provided in subsection (g)**, a school corporation may issue bonds for the purpose described in this section only one (1) time.

(2) The solution to which the bonds are contributing must be reasonably expected to reduce the school corporation's existing unfunded contractual liability for retirement or severance payments, as of June 30, 2001.

(3) **Subject to subsection (g)**, the amount of the bonds that may be issued for the purpose described in this section may not exceed two percent (2%) of the true tax value of property in the school corporation.

(4) Each year that a debt service levy is needed under this section, the school corporation shall reduce its total property tax levy for the school corporation's transportation, school bus replacement, capital projects, or art association and historical society funds in an amount equal to the property tax levy needed for the debt

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service under this section. The property tax rate for each of these funds shall be reduced each year until the bonds are retired.

(5) A school corporation that issues bonds under this section shall establish a separate debt service fund for repayment of the bonds.

(c) Bonds issued for the purpose described in this section shall be issued in the same manner as other bonds of the school corporation.

(d) Bonds issued under this section ~~must be~~ **are valid if either of the following apply:**

(1) The bonds are issued before December 31, 2004.

(2) The school corporation submits to the department of local government finance before January 1, 2005, a proposal concerning the issuance of bonds under this section to implement solutions for the school corporation's retirement or severance liability, and the school corporation issues the bonds before January 1, 2006.

(e) Bonds issued under this section are not subject to the petition and remonstrance process under IC 6-1.1-20.

(f) Bonds issued under this section are not subject to the limitations contained in IC 36-1-15.

(g) A school corporation may issue bonds under this subsection after December 31, 2005, for the purpose described in this section one (1) time in addition to the issuance of bonds under subsection (b) if:

(1) the school corporation issued bonds under subsection (b) before April 14, 2003; and

(2) the bonds referred to in subdivision (1) are retired before the issuance of bonds under this subsection.

The average annual debt service on bonds issued under this subsection may not exceed the average annual debt service on the bonds referred to in subdivision (1). Except as provided in this subsection, bonds issued under this subsection are subject to the limitations in subsection (b).

SECTION 6. IC 20-5-4-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. (a) Whenever the governing board of a school corporation finds and declares that an emergency exists for the borrowing of money with which to pay current expenses from a particular fund before the receipt of revenues from taxes levied or state tuition support distributions for such fund, the governing board may issue warrants in anticipation of the receipt of said revenues.

(b) The principal of these warrants shall be payable solely from the fund for which the taxes are levied or from the general fund in the case of anticipated state tuition support distributions. However, the interest

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on these warrants may be paid from the debt service fund, from the fund for which the taxes are levied, or the general fund in the case of anticipated state tuition support distributions.

(c) The amount of principal of temporary loans maturing on or before June 30 for any fund shall not exceed **the sum of:**

(1) eighty percent (80%) of the amount of taxes **(determined without consideration of the amount of taxes referred to in subdivision (2))** and state tuition support distributions estimated to be collected or received for and distributed to the fund at the June settlement; **plus**

(2) **one hundred percent (100%) of the amount of taxes that are:**

(A) **imposed as the result of emergency relief authorized by the department of local government finance under IC 6-1.1-19-4.7; and**

(B) **estimated to be collected or received for and distributed to the fund at the June settlement.**

(d) The amount of principal of temporary loans maturing after June 30, and on or before December 31, shall not exceed **the sum of:**

(1) eighty percent (80%) of the amount of taxes **(determined without consideration of the amount of taxes referred to in subdivision (2))** and state tuition support distributions estimated to be collected or received for and distributed to the fund at the December settlement; **plus**

(2) **one hundred percent (100%) of the amount of taxes that are:**

(A) **imposed as the result of emergency relief authorized by the department of local government finance under IC 6-1.1-19-4.7; and**

(B) **estimated to be collected or received for and distributed to the fund at the December settlement.**

(e) At each settlement, the amount of taxes and state tuition support distributions estimated to be collected or received for and distributed to the fund includes any allocations to the fund from the property tax replacement fund.

(f) The estimated amount of taxes and state tuition support distributions to be collected or received and distributed shall be made by the county auditor or the auditor's deputy. **Except as provided in subsection (i),** the warrants evidencing any loan in anticipation of tax revenue or state tuition support distributions shall not be delivered to the purchaser of the warrant nor payment made on the warrant before January 1 of the year the loan is to be repaid. However, the proceedings

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necessary to the loan may be held and carried out before January 1 and before the approval. The loan may be made even though a part of the last preceding June or December settlement has not yet been received.

(g) Proceedings for the issuance and sale of warrants for more than one (1) fund may be combined, but separate warrants for each fund shall be issued and each warrant shall state on its face the fund from which its principal is payable. No action to contest the validity of such warrants shall be brought later than fifteen (15) days from the first publication of notice of sale.

(h) No issue of tax or state tuition support anticipation warrants shall be made if the aggregate of all these warrants exceed twenty thousand dollars (\$20,000) until the issuance is advertised for sale, bids received, and an award made by the governing board as required for the sale of bonds, except that the sale notice need not be published outside of the county nor more than ten (10) days before the date of sale.

(i) A warrant evidencing any loan in anticipation of tax revenue referred to in subsections (c)(2) and (d)(2) may be issued and delivered to the purchaser of the warrant at any time after the emergency financial relief is authorized by the department of local government finance as described in those subsections."

Page 3, between lines 20 and 21, begin a new paragraph and insert:

"SECTION 8. IC 21-2-11-4, AS AMENDED BY P.L.224-2003, SECTION 145, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) Any lawful school expenses payable from any other fund of the school corporation, including without limitation debt service and capital outlay, but excluding costs attributable to transportation (as defined in IC 21-2-11.5-2), may be budgeted in and paid from the general fund. However, after June 30, 2003, and before July 1, 2005, a school corporation may budget for and pay costs attributable to transportation (as defined in IC 21-2-11.5-2) from the general fund.

(b) In addition, remuneration for athletic coaches (whether or not they are otherwise employed by the school corporation and whether or not they are licensed under IC 20-6.1-3) may be budgeted in and paid from the school corporation's general fund.

(c) During the period beginning July 1, 2003, and ending June 30, 2005, **the** school corporation may transfer money in a fund maintained by the school corporation (other than the special education preschool fund (IC 21-2-17-1) or the school bus replacement fund (IC 21-2-11.5-2)) that is obtained from:

- (1) a source other than a state distribution or local property taxation; or

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(2) a state distribution or a property tax levy that is required to be deposited in the fund;
to any other fund. A transfer under subdivision (2) may not be the sole basis for reducing the property tax levy for the fund from which the money is transferred or the fund to which money is transferred. Money transferred under this subsection may be used only to pay costs, including debt service, attributable to reductions in funding for transportation distributions under IC 21-3-3.1, including reimbursements associated with transportation costs for special education and vocational programs under IC 21-3-3.1-4, and ADA flat grants under IC 21-3-4.5. The property tax levy for a fund from which money was transferred may not be increased to replace the money transferred to another fund.

(d) The total amount transferred under subsection (c) may not exceed the following:

(1) For the period beginning July 1, 2003, and ending June 30, 2004, the total amount of state funding received for transportation distributions under IC 21-3-3.1, including reimbursements associated with transportation costs for special education and vocational programs under IC 21-3-3.1-4, and ADA flat grants under IC 21-3-4.5 for the same period.

(2) For the period beginning July 1, 2004, and ending June 30, 2005, the product of:

(A) the amount determined under subdivision (1) (**reduced by any amount levied under IC 21-2-11.5-3(b)(2)**); multiplied by

(B) two (2).

SECTION 9. IC 21-2-11.5-3, AS AMENDED BY P.L.1-2004, SECTION 59, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) Subject to subsection (b), each school corporation may levy for the calendar year a property tax for the school transportation fund sufficient to pay all operating costs attributable to transportation that:

(1) are not paid from other revenues available to the fund as specified in section 4 of this chapter; and

(2) are listed in section 2(a)(1) through 2(a)(7) of this chapter.

(b) For each year after 2003, the levy for the fund may not exceed:

(1) the **amount determined by multiplying:**

(A) **the school corporation's levy for the school transportation fund** for the previous year, as that levy was determined by the department of local government finance in fixing the ~~civil taxing unit's~~ **school corporation's** budget,

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levy, and rate for that preceding calendar year under IC 6-1.1-17 and after eliminating the effects of temporary excessive levy appeals and any other temporary adjustments made to the levy for the calendar year; ~~multiplied by~~

(B) the assessed value growth quotient determined under subsection (c) STEP FOUR; plus

(2) the amount determined under subsection (d).

(c) For purposes of subsection (b), the assessed value growth quotient is the amount determined under STEP FOUR of the following formula:

STEP ONE: For each of the six (6) calendar years immediately preceding the year in which a budget is adopted under IC 6-1.1-17-5 or IC 6-1.1-17-5.6 for part or all of the ensuing calendar year, divide the Indiana nonfarm personal income for the calendar year by the Indiana nonfarm personal income for the calendar year immediately preceding that calendar year, rounding to the nearest one-thousandth (0.001).

STEP TWO: Determine the sum of the STEP ONE results.

STEP THREE: Divide the STEP TWO result by six (6), rounding to the nearest one-thousandth (0.001).

STEP FOUR: Determine the lesser of the following:

(A) The STEP THREE quotient.

(B) One and six-hundredths (1.06).

If the amount levied in a particular year exceeds the amount necessary to cover the costs payable from the fund, the levy in the following year shall be reduced by the amount of surplus money.

(d) A school corporation may increase its school transportation fund levy for the ensuing year above the amount determined under subsection (b)(1) by the amount determined under STEP TWO of the following formula:

STEP ONE: Determine the total amount of state funding received by the school corporation for transportation costs:

(A) under IC 21-3-3.1-1 through IC 21-3-3.1-3; and

(B) for special education and vocational programs under IC 21-3-3.1-4;

after June 30, 2003, and before July 1, 2004, multiplied by two (2).

STEP TWO: Decrease the STEP ONE amount by the amount by which the school corporation used any part of the STEP ONE amount to increase its school transportation fund levy under subsection (b)(2) in any previous year.

~~(c)~~ **(e) Each school corporation may levy for the calendar year a tax**

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for the school bus replacement fund in accordance with the school bus acquisition plan adopted under section 3.1 of this chapter.

~~(d)~~ **(f)** The tax rate and levy for each fund shall be established as a part of the annual budget for the calendar year in accord with IC 6-1.1-17."

Page 13, between lines 2 and 3, begin a new paragraph and insert:
"SECTION 12. IC 20-5-4-1.7 IS REPEALED [EFFECTIVE JANUARY 1, 2007].

SECTION 13. P.L.10-2003, SECTION 3, IS REPEALED [EFFECTIVE JULY 1, 2004].

SECTION 14. IC 21-4-20 IS REPEALED [EFFECTIVE UPON PASSAGE]."

Page 14, between lines 17 and 18, begin a new paragraph and insert:
"SECTION 18. [EFFECTIVE JULY 1, 2004] **(a) After December 31, 2004, a school corporation may not issue bonds under IC 20-5-4-1.7, as amended by this act, unless the school corporation submits a proposal described in IC 20-5-4-1.7(d)(2), as amended by this act, to the department of local government finance before January 1, 2005.**

(b) This SECTION expires January 1, 2007.

SECTION 19. [EFFECTIVE UPON PASSAGE] **(a) IC 6-1.1-19-13, as added by this act, applies only to appeals filed to impose an additional levy for a year after December 31, 2004.**

(b) IC 21-2-11.5-3, as amended by this act, applies to property taxes imposed for an assessment date after February 28, 2003, and first due and payable after December 31, 2003. The amendment of IC 21-2-11.5-3 by this act does not authorize a school corporation to impose a tax rate or tax levy in 2004 for a transportation fund that exceeds the tax rate, tax levy, or budget originally fixed by the school corporation for the year.

SECTION 20. [EFFECTIVE UPON PASSAGE] **(a) This SECTION applies to a school corporation:**

(1) that for property taxes first due and payable in 2004 qualified for emergency financial relief described in IC 6-1.1-19-4.7; and

(2) for which data available to the school corporation before the deadline in 2003 for filing an appeal for the emergency financial relief referred to in subdivision (1) was insufficient to determine whether the school corporation qualified for emergency financial relief under the appeal.

(b) A school corporation may:

(1) before December 31, 2004, appeal for emergency financial

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relief described in IC 6-1.1-19-4.7 for property taxes first due and payable in 2005 based on a shortfall that occurred with respect to property taxes first due and payable in 2003; and (2) issue warrants under IC 20-5-4-8, as amended by this act, in anticipation of the receipt of property taxes first due and payable in 2005 imposed as the result of the approval of emergency financial relief by the department of local government finance under the appeal referred to in subdivision (1).

(c) This SECTION expires January 1, 2006."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 257 as printed January 21, 2004.)

CRAWFORD, Chair

Committee Vote: yeas 24, nays 0.

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